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RUEHKM/AMEMBASSY KAMPALA PRIORITY 2881
RUEHLO/AMEMBASSY LONDON PRIORITY 0268
RUEHNR/AMEMBASSY NAIROBI PRIORITY 0391
RUEHFR/AMEMBASSY PARIS PRIORITY 0174
RUEAWJA/DEPT OF JUSTICE WASHINGTON DC PRIORITY
RUEATRS/DEPT OF TREASURY WASHINGTON DC PRIORITY
RUEHLMC/MCC WASHINGTON DC PRIORITY

UNCLAS SECTION 01 OF 02 DAR ES SALAAM 001849

SIPDIS

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DEPT AF/E FOR B YODER; AF/RSA FOR M BITTRICK
S/CT FOR B PHIPPS
PASS TO MILLENNIUM CHALLENGE CORPORATION
ALSO TO AID/EGAT, DEPT OF TREASURY AND DEPT OF JUSTICE
LONDON AND PARIS FOR AFRICA WATCHERS

E.O. 12958: N/A
TAGS: [PREL](#) [UNGA](#) [TZ](#)
SUBJECT: TANZANIAN PARLIAMENT PASSES ANTI-MONEY LAUNDERING
BILL

REF: DAR ES SALAAM 0243

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¶1. After nearly two years of drafting, re-drafting, discussion and briefings, the Tanzanian Parliament passed the "Anti-Money Laundering Act of 2006" on November 14 in Dodoma, the legislative capital. A milestone in post's efforts to advance counterterrorism, good governance and transparency goals under our Mission Performance Plan, this legislation opens the way for the establishment of a Financial Intelligence Unit, a pillar of the USD 11.9 million Millennium Challenge Threshold Account program signed by the USG and the Government of Tanzania (GOT) in May 2006.

¶2. During the parliamentary floor debate before voting on the Act, the local press reported that most Members of Parliament (MP) hailed the bill as an important next step to supplement GOT laws already on the books to track down the criminal use of funds, including the "2003 Proceeds of Crime Act." However, the MPs' principal concern during the debate was to ensure that the executive branch step up and commit to making the Act effective through quickly enacting strong implementing regulations. Several Parliamentarians spoke out that the implementation of the new law must "have teeth" to enable law enforcement to track down "grand" corruption at high levels, drug barons and money launderers. Other Parliamentarians criticized the bill for not providing adequate protection for whistle blowers.

¶3. The summary of the key elements of the 2006 "Anti-Money Laundering Act" include provisions to:

- finance and strengthen provisions to prevent and prohibit money laundering;
- provide for the disclosure of information on money laundering;
- establish a financial intelligence unit;
- and to set up a national multi-disciplinary committee on money laundering.

Among the money laundering activities defined as criminal acts under the new law are corruption, terrorism, piracy, forgery, drug trafficking, organized crime, human trafficking

and counterfeiting.

¶4. The Anti-Money Laundering Act was initially drafted by the Ministry of Finance in late 2004, but was stalled for almost 24 months primarily due to Tanzania's 2005 presidential and legislative campaigns and December 2005 general elections. This election ushered into office a new administration under President Jakaya Kikwete and a new Parliament with nearly fifty percent "freshman": i.e. first term parliamentarians. Since January 2006, the Ambassador had repeatedly raised the importance of rapid passage of this bill with senior Tanzanian officials, including President Kikwete, Speaker of the House Samuel Sitta, and Prime Minister Edward Lowassa (reftel).

¶5. The Ministry of Finance is responsible for drafting the implementing regulations to bring the Anti-Money Laundering Act into force. In addition, the Ministry of Finance in collaboration with USAID is organizing a roundtable scheduled for January 16 for all stakeholders involved in the creation and effective operation of the Financial Intelligence Unit (FIU). The Ministries of Finance, Public Safety, Justice, Ministry of Finance Zanzibar, Tanzania Revenue Authority, Prevention of Corruption Bureau, other relevant GOT agencies, the Bank of Tanzania, commercial banks, as well as development partners, the World Bank, IMF and other multilateral donors will be invited to examine and discuss next steps to bring the FIU into operation.

Comment

¶6. The passage of the 2006 Anti-Money Laundering Act represents the culmination of a team effort on part of the entire Mission. Through post's close coordination with the Ministry of Finance and the legislative branch of the GOT, from early 2006 onward the bill moved steadily forward until

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its passage on November 14. With USD 1.5 million in funding from the Millennium Challenge Threshold Account program already in the pipeline to establish the Financial Intelligence Unit (FIU), once the implementing regulations are enacted, the FIU can become fully active in a relatively short time. In addition, the new law strengthens Tanzania's legislative framework to address counterterrorism, anti-corruption, counter-narcotics and anti-human trafficking efforts. Post will continue to closely cooperate with all relevant GOT agencies until the FIU is fully operational.
RETZER